

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2000-0207-W/S

IN RE:

Application of Carolina Water Service,  
Inc. for adjustment of rates and  
charges for the provision of water and sewer  
service.

APPLICATION

Carolina Water Service, Inc. ("Applicant" or "Company") would respectfully show unto, and  
request of, the Commission as follows:

**BACKGROUND**

1. Applicant is a corporation organized and existing under the laws of the State of  
Delaware and authorized to do business in the State of South Carolina.

2. Applicant is a public utility, as defined by S.C. Code Ann. § 58-5-10(3) (Supp. 1998),  
providing water and sewer service to the public for compensation in certain areas of South Carolina  
pursuant to rates approved by the Commission in Docket No. 93-738-W/S.

3. All communications or inquiries regarding this Application should be directed as set  
forth below:

a. **Applicant's Representative:**

Mr. Carl J. Wenz  
Vice President  
Regulatory Matters  
Utilities, Inc.  
2335 Sanders Road  
Northbrook, Illinois 60062-6196

b. **Legal Counsel:**

Mitchell Willoughby, Esquire  
John M. S. Hoefer, Esquire  
Willoughby & Hoefer, P.A.  
Post Office Box 8416  
Columbia, South Carolina 29202-8416  
(803) 252-3300

**REQUEST FOR RATE RELIEF**

4. Pursuant to S.C. Code Ann. §§ 58-5-210 *et seq.* (1976), Applicant requests that the Commission approve the monthly water and sewer service charges set forth in the nine (9) page rate schedule attached hereto and incorporated herein by this reference as Exhibit "A".

**SUPPORTING DOCUMENTATION**

5. Applicant proposes a test year of January 1, 2000 to December 31, 2000 and has prepared certain financial statements relating to that time period in support of the Application, which statements are attached hereto and incorporated herein by this reference as Exhibit "B", pages 1 through 8. These financial statements include the following:

- a. Balance Sheet (Schedule A)
- b. Current and pro forma income and expense statements (Schedule B)
- c. Rate base and rate of return calculations (Schedule C)

Applicant also submits, as Exhibit "B" pages 9 through 13, the following information in support of the Application:

- d. Water and sewer consumption analyses (Schedule D)
- e. Water and sewer proposed revenues (Schedule E)
- f. Schedule of current and projected customers (Schedule F)

6. Attached hereto and incorporated herein by this reference as Exhibit "C" are the most recent approval letters from the South Carolina Department of Health and Environmental Control ("DHEC").

7. Attached hereto and incorporated herein by this reference as Exhibit "D" is the Company's current customer bill form.

8. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. § 58-5-720 (Supp. 2000).

9. A map depicting Applicant's current service area is on file with the Commission.

10. The financial statements, the other documents submitted herewith, and the references to documents on file with the Commission are offered to comply with Commission Rules R.103-512.4 and R. 103-712.4 and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.<sup>1</sup>

#### **NEED AND JUSTIFICATION FOR RATE RELIEF**

11. Applicant submits that the proposed rate increase is necessary in order that it may provide reasonable and adequate service to its customers. The rates proposed are also necessary to comply with standards and regulations set by DHEC and other governmental agencies which regulate the environmental aspects of Applicant's business. Applicant further submits that the proposed rates are necessary to enable it to earn a reasonable return on its investment and to attract capital for future improvements.

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<sup>1</sup>Because Applicant utilizes a composite depreciation rate of 1 ½%, no depreciation schedule by categories of plant or average service lives exists. The Applicant will, of course, make available to Commission Staff during its audit copies of the Company's depreciation workpapers.

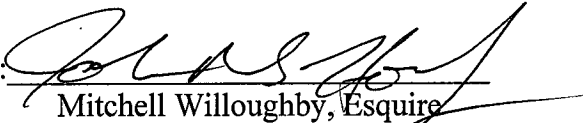
## REQUEST FOR RATE BASE TREATMENT

12. Applicant further submits that given its substantial plant investment, and specifically the rate base reflected on Schedule C of Exhibit "B", Applicant is entitled to have the reasonableness of its proposed rates determined in accordance with the rate of return on rate base methodology. Accordingly, Applicant requests rate base treatment in this proceeding.

**WHEREFORE**, having fully set forth its Application, Carolina Water Service, Inc. prays that the Commission approve the rates proposed and grant to Applicant such other and further relief as the Commission may deem just and proper.

Respectfully submitted,

**WILLOUGHBY & HOEFER, P.A.**

By:   
Mitchell Willoughby, Esquire  
John M. S. Hoefer, Esquire  
Willoughby & Hoefer, P.A.  
Post Office Box 8416  
Columbia, SC 29202-8416  
(803) 252-3300

Attorneys for Carolina Water Service, Inc.

Columbia, South Carolina

This 23<sup>rd</sup> day of February, 2001.

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**Exhibit "A"**  
**CAROLINA WATER SERVICE, INC.**

DOCKET NO. 2000-0207-W/S

**SCHEDULE OF PROPOSED RATES AND CHARGES**

**WATER**

**1. Monthly Charges**

Residential

Base Facilities Charge - Residential  
Monthly charge per single family  
house, condominium, mobile home  
or apartment unit:

\$10.00 per unit

Commodity Charge:

\$3.24 per 1,000  
gallons or 134 cft

Commercial

5/8"	meter	\$ 10.00
1"	°	\$ 25.00
1.5"	°	\$ 50.00
2"	°	\$ 80.00
3"	°	\$160.00
4"	°	\$250.00

**2. Charge for Water Distribution Only**

Where water is purchased from a government body or agency or other entity for distribution and resale by the Company, the following rates apply:

Residential

Base facilities Charge - Residential  
Monthly charge per single family  
house, condominium, mobile home  
or apartment unit:

\$10.00 per unit

Commodity charge:

\$1.85 per 1,000  
gallons or 134 cft

Commercial  
Monthly charge  
by meter size.

5/8"	meter	\$ 10.00
1"	°	\$ 25.00
1.5"	°	\$ 50.00
2"	°	\$ 80.00
3"	°	\$160.00
4"	°	\$250.00

Commodity charge: \$1.85 per 1,000  
gallons or 134 cft

The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant. However, all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure to pay for services rendered to a tenant may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and result multiplied by the number of units served by a single meter.

3. Nonrecurring Charges

A) Water Service Connection (New connections only)	\$300 per SFE*
B) Plant Impact Fee (New connections only)	\$400 per SFE*

4. Account Set-Up and Reconnection Charges

- a. Customer Account Charge - for new customers only.

All Areas

\$ 13.50

b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

5. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

6. Tax Multiplier

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, shall be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers, or others and properly classified as a contribution or advance in aid of construction in accordance with the Uniform System of Accounts. Included in this classification are water service connection charges and plant impact fees.

7. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate

schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A (2000 Supp.)

**SCHEDULE OF PROPOSED RATES AND CHARGES**

**SEWER**

1. Monthly Charges

Residential - monthly charge per  
single-family house, condominium,  
villa, or apartment unit:

\$34.00 per unit

Mobile Homes - monthly charge:

\$25.50 per unit

Commercial - monthly charge:

\$34.00 per SFE\*

Lincolnshire, I-20 & Lexington Areas

Residential - monthly charge per  
single-family house, condominium,  
villa, or, apartment unit:

\$28.86 per unit

Mobile Homes - monthly charge:

\$21.64 per unit

Commercial - monthly charge:

\$28.86 per SFE\*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Charge for Sewage Collection Service Only (All Areas)

When sewage is collected by the Utility and transferred to a government body or agency, or other entity, for treatment, the Utility's rates are as follows:

Residential - monthly charge per  
single-family house, condominium,  
or apartment unit

\$21.00 per unit

Commercial - monthly charge per  
single-family equivalent

\$21.00 per SFE\*

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated in the interceptor tank, the Utility will arrange for pumping the tank and will include \$150.00 as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement and may be paid for over a one year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such a visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

2. Nonrecurring Charges

- |  |                |
|--|----------------|
| A) Sewer Service Connection (New connections only) | \$300 per SFE* |
| B) Plant Impact Fee (New connections only)         | \$400 per SFE* |

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of four dollars (\$4.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b. Customer Account Charge - for new customers only.

All Areas	\$ 13.50
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A one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly service charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly ,in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Tax Multiplier

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, shall be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers, or others and properly classified as a contribution or advance in aid of construction in accordance with the Uniform System of Accounts. Included in this classification are sewer service connection charges and plant impact fees.

6. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat" any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §129.4 and §401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §403.5 and §403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards.

Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

7. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system.

In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

\* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities—25 S.C. Code Ann. Regs. 61-67 Appendix A (2000 Supp.). Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

## CAROLINA WATER SERVICE, INC.

## BALANCE SHEET

December 31, 2000

Schedule A

ASSETS

## Plant In Service

Water  
Sewer

Total

Accumulated Depreciation-Water  
Accumulated Depreciation-Sewer

Total

Net Utility Plant

Plant Acquisition Adjustment-Water  
Plant Acquisition Adjustment-Sewer

Total

Construction Work In Process-Water  
Construction Work In Process-Sewer

Total

## Current Assets

Cash  
Accounts Receivable - Net  
Other Current Assets

Total

Deferred Charges

TOTAL ASSETS

Exhibit B

LIABILITIES AND OTHER CREDITS

## Capital Stock and Retained Earnings

Common Stock and Paid In Capital  
Retained Earnings

Total

## Current and Accrued Liabilities

Accounts Payable-Trade  
Taxes Accrued  
Customer Deposits  
Customer Deposits - Interest  
A/P - Assoc. Companies

Total

## Advances In Aid of Construction

Water  
Sewer

Total

## Contributions In Aid of Construction

Water  
Sewer

Total

## Accumulated Deferred Income Tax

Unamortized ITC  
Deferred Tax - Federal  
Deferred Tax - State

Total

TOTAL LIABILITIES AND OTHER CREDITS

	Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
<u>Operating Revenues</u>					
Service Revenues - Water	\$1,541,564	\$ -	\$1,541,564	\$210,948 [a]	\$1,752,512
Service Revenues - Sewer	3,270,827	0	3,270,827	474,115	3,744,942
Miscellaneous Revenues	107,316	0	107,316	0	107,316
Uncollectible Accounts	(28,220)	0	(28,220)	(4,019) [b]	(32,239)
Total Operating Revenues	4,891,487	0	4,891,487	681,043	5,572,530
<u>Maintenance Expenses</u>					
Salaries and Wages	696,527	64,371 [c]	760,898	0	760,898
Purchased Power	366,930	0	366,930	0	366,930
Purchased Sewer & Water	121,707	0	121,707	0	121,707
Maintenance and Repair	793,624	0	793,624	0	793,624
Maintenance Testing	26,254	0	26,254	0	26,254
Meter Reading	30,399	0	30,399	0	30,399
Chemicals	154,713	0	154,713	0	154,713
Transportation	72,896	0	72,896	0	72,896
Operating Exp. Charged to Plant	(145,375)	0	(145,375)	0	(145,375)
Outside Services - Other	101,864	0	101,864	0	101,864
Total	2,219,539	64,371	2,283,910	0	2,283,910
<u>General Expenses</u>					
Salaries and Wages	178,879	13,473 [c]	192,352	0	192,352
Office Supplies & Other Office Exp.	111,539	0	111,539	0	111,539
Regulatory Commission Exp.	61,590	62,733 [d]	124,323	0	124,323
Pension & Other Benefits	170,361	1,743 [c]	172,104	0	172,104
Rent	2,131	0	2,131	0	2,131
Insurance	78,767	0	78,767	0	78,767
Office Utilities	67,964	0	67,964	0	67,964
Miscellaneous	13,739	0	13,739	0	13,739
Total	684,970	77,950	762,920	0	762,920
Depreciation	497,909	36,537 [e]	534,446	0	534,446
Taxes Other Than Income	594,949	11,400 [f]	606,349	2,055 [f]	608,404
Income Taxes - Federal	138,997	(15,487) [g]	123,510	219,313 [g]	342,823
Amortization of ITC	(8,852)	0	(8,852)	0	(8,852)
Income Taxes - State	3,192	15,927 [g]	19,119	33,949 [g]	53,069
Amortization of CIAC	(209,987)	(9,620) [e]	(219,607)	0	(219,607)
Total	1,016,208	38,757	1,054,965	255,318	1,310,283
Total Operating Expenses	3,920,717	181,078	4,101,795	255,318	4,357,113
Net Operating Income	\$ 970,770	\$ (181,078)	\$ 789,692	\$ 425,726	\$1,215,418
Interest During Construction	(17,748)	17,748 [h]	0	0	0
Interest on Debt	677,300	(136,214) [i]	541,086	0	541,086
Net Income	\$ 311,218	\$ (62,611)	\$ 248,607	\$ 425,726	\$ 674,332
	0				

	Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
<u>Operating Revenues</u>					
Service Revenues - Water	\$1,541,564		\$1,541,564	\$ 210,948 [a]	\$1,752,512
Service Revenues - Sewer			0		0
Miscellaneous Revenues	31,068		31,068		31,068
Uncollectible Accounts	(8,819)		(8,819)	(1,207) [b]	(10,026)
Total Operating Revenues	1,563,813	0	1,563,813	209,741	1,773,554
<u>Maintenance Expenses</u>					
Salaries and Wages	249,148	23,027 [c]	272,175	0	272,175
Purchased Power	70,206		70,206	0	70,206
Purchased Water	67,092		67,092		67,092
Maintenance and Repair	96,779		96,779	0	96,779
Maintenance Testing	2,157		2,157	0	2,157
Meter Reading	30,399		30,399		30,399
Chemicals	55,341		55,341	0	55,341
Transportation	26,075		26,075	0	26,075
Operating Exp. Charged to Plant	(52,001)		(52,001)	0	(52,001)
Outside Services - Other	36,438		36,438	0	36,438
Total	581,634	23,027	604,661	0	604,661
<u>General Expenses</u>					
Salaries and Wages	63,985	4,823 [c]	68,808	0	68,808
Office Supplies & Other Office Exp.	39,898		39,898	0	39,898
Regulatory Commission Exp.	22,031	22,441 [d]	44,472	0	44,472
Pension & Other Benefits	60,938	627 [c]	61,565	0	61,565
Rent	763		763	0	763
Insurance	28,175		28,175	0	28,175
Office Utilities	24,311		24,311	0	24,311
Miscellaneous	4,916		4,916	0	4,916
Total	245,017	27,892	272,909	0	272,909
Depreciation	169,495	(580) [e]	168,915		168,915
Taxes Other Than Income	209,497	3,950 [f]	213,447	633 [f]	214,080
Income Taxes - Federal	43,437	17,248 [g]	60,684	67,542 [g]	128,226
Amortization of ITC	(2,656)		(2,656)		(2,656)
Income Taxes - State	998	8,396 [g]	9,394	10,455 [g]	19,849
Amortization of CIAC	(55,718)	(3,145) [e]	(58,863)		(58,863)
Total	365,052	25,869	390,921	78,630	469,551
Total Operating Expenses	1,191,703	76,788	1,268,491	78,630	1,347,121
Net Operating Income	\$ 372,110	\$ (76,788)	\$ 295,322	\$ 131,111	\$ 426,433
Interest During Construction	(5,324)	5,257 [h]	(67)	0	(67)
Interest on Debt	203,878	(29,010) [i]	174,868	0	174,868
Net Income	\$ 173,556	\$ (53,034)	\$ 120,522	\$ 131,111	\$ 251,632

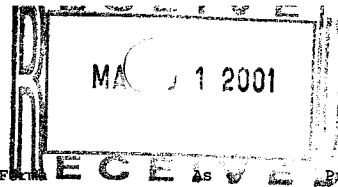
	Per Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
<u>Operating Revenues</u>					
Service Revenues - Water					
Service Revenues - Sewer	\$3,270,827	\$ -	\$3,270,827	\$ 474,115 [a]	\$3,744,942
Miscellaneous Revenues	76,248		76,248		76,248
Uncollectible Accounts	(19,401)		(19,401)	(2,812) [b]	(22,213)
Total Operating Revenues	3,327,674	0	3,327,674	471,302	3,798,976
<u>Maintenance Expenses</u>					
Salaries and Wages	447,379	41,344 [c]	488,723	0	488,723
Purchased Power	296,724		296,724	0	296,724
Purchased Sewer & Water	54,615		54,615		54,615
Maintenance and Repair	696,845		696,845		696,845
Maintenance Testing	24,097		24,097	0	24,097
Meter Reading	0		0		0
Chemicals	99,372		99,372	0	99,372
Transportation	46,821		46,821	0	46,821
Operating Exp. Charged to Plant	(93,374)		(93,374)	0	(93,374)
Outside Services - Other	65,426		65,426	0	65,426
Total	1,637,905	41,344	\$ 1,679,249	0	1,679,249
<u>General Expenses</u>					
Salaries and Wages	114,894	8,650 [c]	123,544	0	123,544
Office Supplies & Other Office Exp.	71,641		71,641	0	71,641
Regulatory Commission Exp.	39,559	40,292 [d]	79,851	0	79,851
Pension & Other Benefits	109,423	1,116 [c]	110,539	0	110,539
Rent	1,368		1,368	0	1,368
Insurance	50,592		50,592	0	50,592
Office Utilities	43,653		43,653	0	43,653
Miscellaneous	8,823		8,823	0	8,823
Total	439,953	50,058	490,011	0	490,011
Depreciation	328,414	37,117 [e]	365,531		365,531
Taxes Other Than Income	385,452	7,450 [f]	392,902	1,422 [f]	394,324
Income Taxes - Federal	95,560	(32,735) [g]	62,826	151,771 [g]	214,597
Amortization of ITC	(6,196)		(6,196)		(6,196)
Income Taxes - State	2,195	7,531 [g]	9,725	23,494 [g]	33,219
Amortization of CIAC	(154,269)	(6,475) [e]	(160,744)		(160,744)
Total	651,156	12,888	664,044	176,688	840,731
Total Operating Expenses	2,729,014	104,290	2,833,304	176,688	3,009,992
Net Operating Income	\$ 598,660	\$ (104,290)	\$ 494,370	\$ 294,615	\$ 788,985
Interest During Construction	(12,424)	12,491 [h]	67	0	67
Interest on Debt	473,422	(107,204) [i]	366,218	0	366,218
Net Income	\$ 137,662	\$ (9,577)	\$ 128,085	\$ 294,615	\$ 422,700

- [a] Revenues are annualized at proposed rates using the average test year customers.
- [b] Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, Wages and Benefits are adjusted to annualize as of 12/31/00 and to include one and a half additional operators.
- [d] Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and Amortization Expense are annualized.
- [f] Taxes Other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] Income Taxes are computed on taxable income at current rates.
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on Debt has been computed using a 50.09% / 49.91% debt / equity ratio and a 8.62% cost of debt.

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 970,770	(181,078)	\$ 789,692	425,726	\$ 1,215,418
Gross Plant In Service	\$ 31,616,926		\$ 31,616,926	0	\$ 31,616,926
Accumulated Depreciation	(3,746,648)		(3,746,648)	0	(3,746,648)
Net Plant In Service	27,870,278	0	27,870,278	0	27,870,278
Cash Working Capital	437,433	19,214 [a]	456,647	0	456,647
Contributions In Aid of Construction	(13,538,305)	0	(13,538,305)	0	(13,538,305)
Accumulated Deferred Income Taxes	(1,224,199)	0	(1,224,199)	0	(1,224,199)
Customer Deposits	(159,022)	0	(159,022)	0	(159,022)
Plant Acquisition Adjustment	(525,890)	0	(525,890)	0	(525,890)
Excess Book Value	(1,026,646)	0	(1,026,646)		(1,026,646)
Water Service Corporation	158,647	0	158,647	0	158,647
Construction Work In Progress	196,236	0	196,236		196,236
Pro Forma Plant	0	372,950 [b]	372,950	0	372,950
Total Rate Base	\$ 12,188,532	\$ 392,164	\$ 12,580,696	\$ 0	\$ 12,580,696
Return on Rate Base	7.96%		6.28%		9.66%

[a] Working Capital is calculated based on pro forma expenses.

[b] Pro Forma Plant is adjusted for planned additional capital investments.



	Per Books	Pro Forma Adjustments	Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 372,110	\$ (76,788)	\$ 295,322	\$ 131,111	\$ 426,433
Gross Plant In Service	\$ 9,901,426		[a] \$ 9,901,426	0	\$ 9,901,426
Accumulated Depreciation	(1,539,531)		[b] (1,539,531)	0	(1,539,531)
Net Plant In Service	8,361,895	0	8,361,895	0	8,361,895
Cash Working Capital	129,519	6,858	[c] 136,377	0	136,377
Contributions In Aid of Construction	(3,637,752)	0	(3,637,752)	0	(3,637,752)
Accumulated Deferred Income Taxes	(438,017)	0	(438,017)	0	(438,017)
Customer Deposits	(56,882)	0	(56,882)	0	(56,882)
Plant Acquisition Adjustment	(235,559)	0	(235,559)	0	(235,559)
Excess Book Value	(307,994)	0	(307,994)	0	(307,994)
Water Service Corporation	56,751	0	56,751	0	56,751
Construction Work In Progress	0	0	0	0	0
Pro Forma Plant	0	187,000	[e] 187,000	0	187,000
Total Rate Base	\$ 3,871,962	\$ 193,858	\$ 4,065,820	0	\$ 4,065,820
Return on Rate Base	9.61%		7.26%		10.49%

[a] Working Capital is calculated based on pro forma expenses.

[b] Pro Forma Plant is adjusted for planned additional capital investments.

Water Plant by Categories:

	12/31/01
3011001 ORGANIZATION	\$ 55,080
3033020 LAND & LAND RIGHTS (Pump Plt)	500
3036010 LAND & LAND RIGHTS	179,689
3043011 STRUCTURES & IMPROVE.(Sourc Sup)	5,763
3042001 STRUCTURES & IMPROVE.(PUMP.PLT.)	372,877
3044031 STRUCTURES & IMPROVE.(WTR. T.P.)	79,652
3072014 WELLS & SPRINGS	1,128,961
3113025 ELECTRIC PUMPING EQUIPMENT	850,941
3204032 WATER TREATMENT EQUIPMENT	493,902
3305042 DISTRIB. RESERVOIRS & STANDPIPES	1,008,873
3315043 TRANSMISSION & DISTRIB. MAINS	3,717,742
3335045 SERVICE LINES	1,031,586
3345046 METERS	278,142
3345047 METER INSTALLATIONS	12,126
3355048 HYDRANTS	168,140
3391088 UNIFORMS	793
3406090 OFFICE STRUCTURES & IMPROVEMENTS	176,131
3406091 OFFICE FURNITURE & EQUIPMENT	53,614
3446095 LABORATORY EQUIPMENT	26,038
3466094 TOOLS, SHOP & MISC. EQUIPMENT	106,346
3466097 COMMUNICATION EQUIPMENT	27,990
Sub-Total	\$ 9,774,886
3917000 Transportation	108,458
3406010 Computers	18,082
Total Plant	\$ 9,901,426

	<u>Per Books</u>	<u>Pro Forma Adjustments</u>	<u>As Adjusted</u>	<u>Proposed Increase</u>	<u>Effect of Proposed Increase</u>
Net Operating Income	<u>598,660</u>	<u>(104,290)</u>	<u>494,370</u>	<u>294,615</u>	<u>788,985</u>
Gross Plant In Service	\$ 21,715,500	[a]	21,715,500	0	21,715,500
Accumulated Depreciation	<u>(2,207,117)</u>	[b]	<u>(2,207,117)</u>	<u>0</u>	<u>(2,207,117)</u>
Net Plant In Service	19,508,383	0	19,508,383	0	19,508,383
Cash Working Capital	307,914	12,356 [c]	320,270	0	320,270
Contributions In Aid of Construction	(9,900,553)	0	(9,900,553)	0	(9,900,553)
Accumulated Deferred Income Taxes	(786,182)	0	(786,182)	0	(786,182)
Customer Deposits	(102,140)	0	(102,140)	0	(102,140)
Plant Acquisition Adjustment	(290,331)	0	(290,331)	0	(290,331)
Excess Book Value	(718,652)		(718,652)		(718,652)
Water Service Corporation	101,896	0	101,896	0	101,896
Construction Work In Progress	196,236		196,236		196,236
Pro Forma Plant	<u>0</u>	<u>185,950 [e]</u>	<u>185,950</u>	<u>0</u>	<u>185,950</u>
Total Rate Base	\$ <u>8,316,570</u>	\$ <u>198,306</u>	\$ <u>8,514,876</u>	\$ <u>0</u>	\$ <u>8,514,876</u>
Return on Rate Base	<u>7.20%</u>		<u>5.81%</u>		<u>9.27%</u>

[a] Working Capital is calculated based on pro forma expenses.

[b] Pro Forma Plant is adjusted for planned additional capital investments.

RECEIVED 4/10/01

Received 4/10/01

**WATER**

Bill code		bfc	gals.	rate	revs
<u>All Other Areas:</u>					
30001	Res'dl	17,374		\$ 7.96	\$ 138,297
30005	Res'dl Multi-Unit	0		\$ 7.96	\$ -
30009	Com'l 5/8"	120		\$ 7.96	\$ 955
30010	Com'l. 1"	24		\$ 19.90	\$ 478
30012	Com'l. 1.5"	12		\$ 39.80	\$ 478
30013	Com'l. 2"	36		\$ 63.68	\$ 2,292
30014	Com'l. 3"	0		\$ 127.36	\$ -
30015	Com'l. 4"	5		\$ 199.01	\$ 995
			119,676,770	\$ 3.24	\$ 387,753
	Subtotal	17,571	119,676,770		\$ 531,248
<u>I-20 &amp; Lexington Areas:</u>					
30002	Res'dl.	28,797		\$ 7.96	\$ 229,224
30006	Res'dl. Multi-Unit	2,514		\$ 7.96	\$ 20,011
30008	Com'l. 5/8"	274		\$ 7.96	\$ 2,181
30011	Com'l. 1"	23		\$ 19.90	\$ 458
30016	Com'l. 2"	24		\$ 63.68	\$ 1,528
30017	Com'l. 3"	11		\$ 127.36	\$ 1,401
			218,006,788	\$ 1.85	\$ 403,313
	Subtotal	31,643	218,006,788		\$ 658,116
<u>Riverhills Area:</u>					
46001	Res'dl.	13,810		\$ 7.00	\$ 96,670
46005	Res'dl. Multi-Unit	3,552		\$ 7.00	\$ 24,864
46006	Flat Rate	12		\$ 7.00	\$ 84
46009	Com'l. 5/8"	624		\$ 7.00	\$ 4,368
46010	Com'l. 1"	156		\$ 17.50	\$ 2,730
46012	Com'l. 1.5"	83		\$ 35.00	\$ 2,905
46013	Com'l. 2"	212		\$ 56.00	\$ 11,872
46014	Com'l. 3"	48		\$ 112.00	\$ 5,376
			131,203,522	\$ 1.50	\$ 196,805
	Subtotal	18,497	131,203,522		\$ 345,674
TTL		67,711	468,887,080		\$ 1,535,038
				per t/b	\$ 1,541,564
				difference \$	\$ 6,526
				difference %	0.42%

**SEWER**

Bill code		units	rate	revs
<u>All Other Areas:</u>				
30021	Res'dl.	60,261	\$ 28.86	\$ 1,739,132
30022	Mobile Homes	1,192	\$ 21.64	\$ 25,795
30023	Com'l.	1,403	\$ 28.86	\$ 40,491
30024	Sewer Collection	5,885	\$ 17.91	\$ 105,400
30029	Sewer Treatment	4,908	\$ 11.00	\$ 53,988
	Subtotal			<u>\$ 1,964,806</u>
<u>I-20 &amp; Lexington Areas:</u>				
30021	Res'dl.	28,977	\$ 28.86	\$ 836,276
30022	Mobile Homes	104	\$ 21.64	\$ 2,251
30023	Com'l.	671	\$ 28.86	\$ 19,365
30024	Sewer Collection	0	\$ 17.91	\$ -
	Subtotal			<u>\$ 857,892</u>
<u>Lincolnshire:</u>				
30021	Res'dl.	3,023	\$ 28.86	<u>\$ 87,244</u>
<u>Riverhills Area:</u>				
46021	Res'dl.	16,900	\$ 15.00	\$ 253,500
46023	Com'l.	6,045	\$ 15.00	\$ 90,675
46044	Sewer Maint. Fee	12	\$ 300.00	\$ 3,600
	Subtotal			<u>\$ 347,775</u>
TTL		<u>129,381</u>		<u>\$ 3,257,717</u>
			per t/b	\$ 3,270,827
			difference \$	\$ 13,110
			difference %	0.40%

## PROPOSED REVENUES

REVISED 4/10/01

## WATER

Bill code		bfc	gals.	rate	revs
<u>All Other Areas:</u>					
30001	Res'dl	17,374		\$ 10.00	\$ 173,740
30005	Res'dl Multi-Unit	0		\$ 10.00	\$ -
30009	Com'l 5/8"	120		\$ 10.00	\$ 1,200
30010	Com'l. 1"	24		\$ 25.00	\$ 600
30012	Com'l. 1.5"	12		\$ 50.00	\$ 600
30013	Com'l. 2"	36		\$ 80.00	\$ 2,880
30014	Com'l. 3"	0		\$ 160.00	\$ -
30015	Com'l. 4"	5		\$ 250.00	\$ 1,250
			119,676,770	\$ 3.24	\$ 387,753
	Subtotal	17,571	119,676,770		\$ 568,023
<u>I-20 &amp; Lexington Areas:</u>					
30002	Res'dl.	28,797		\$ 10.00	\$ 287,970
30006	Res'dl. Multi-Unit	2,514		\$ 10.00	\$ 25,140
30008	Com'l. 5/8"	274		\$ 25.00	\$ 6,850
30011	Com'l. 1"	23		\$ 50.00	\$ 1,150
30016	Com'l. 2"	24		\$ 80.00	\$ 1,920
30017	Com'l. 3"	11		\$ 250.00	\$ 2,750
			218,006,788	\$ 1.85	\$ 403,313
	Subtotal	31,643	218,006,788		\$ 729,093
<u>Riverhills Area:</u>					
46001	Res'dl.	13,810		\$ 10.00	\$ 138,100
46005	Res'dl. Multi-Unit	3,552		\$ 10.00	\$ 35,520
46006	Flat Rate	12		\$ 10.00	\$ 120
46009	Com'l. 5/8"	624		\$ 10.00	\$ 6,240
46010	Com'l. 1"	156		\$ 25.00	\$ 3,900
46012	Com'l. 1.5"	83		\$ 50.00	\$ 4,150
46013	Com'l. 2"	212		\$ 80.00	\$ 16,960
46014	Com'l. 3"	48		\$ 160.00	\$ 7,680
			131,203,522	\$ 1.85	\$ 242,727
	Subtotal	18,497	131,203,522		\$ 455,397
TTL		67,711	468,887,080		\$ 1,752,512

## PROPOSED REVENUES

## SEWER

Bill code		units	rate	revs
<u>All Other Areas:</u>				
30021	Res'dl.	60,261	\$ 34.00	\$ 2,048,874
30022	Mobile Homes	1,192	\$ 25.50	\$ 30,396
30023	Com'l.	1,403	\$ 34.00	\$ 47,702
30024	Sewer Collection	5,885	\$ 21.00	\$ 123,585
30029	Sewer Treatment	4,908	\$ 13.00	\$ 63,804
	Subtotal			<u>\$ 2,314,361</u>
<u>I-20 &amp; Lexington Areas:</u>				
30021	Res'dl.	28,977	\$ 28.86	\$ 836,276
30022	Mobile Homes	104	\$ 21.64	\$ 2,251
30023	Com'l.	671	\$ 28.86	\$ 19,365
30024	Sewer Collection	0	\$ 21.00	\$ -
	Subtotal			<u>\$ 857,892</u>
<u>Lincolnshire:</u>				
30021	Res'dl.	3,023	\$ 28.86	<u>\$ 87,244</u>
<u>Riverhills Area:</u>				
46021	Res'dl.	16,900	\$ 21.00	\$ 354,900
46023	Com'l.	6,045	\$ 21.00	\$ 126,945
46044	Sewer Maint. Fee	12	\$ 300.00	\$ 3,600
	Subtotal			<u>\$ 485,445</u>
TTL		<u>129,381</u>		<u>\$ 3,744,942</u>

**Schedule F**

	<u>Current Customers</u>	<u>Projected Customers</u>
Water	6,190	6,319
Sewer	11,114	11,278

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2000-0207-W/S**

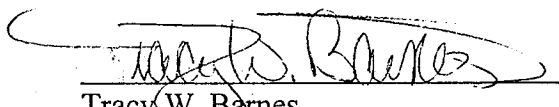
IN RE:

Application of Carolina Water Service,  
Inc. for adjustment of rates and  
charges for the provision of water and sewer  
service.

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy each of the revised page 1 of Exhibit "D" and a revised page 1 of Exhibit "E" to the Application of Carolina Water Service, Inc. via telecopier and by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Elliott F. Elam, Jr.  
**The State of South Carolina**  
**Department of Consumer Affairs**  
Post Office Box 5757  
Columbia, South Carolina 29250-5757

  
Tracy W. Barnes

Columbia, South Carolina  
This 10th day of April, 2001.

2-C:\My Documents\Clients\CWS\Rate Case\Cert1.wpd



February 15, 2001

2600 Bull Street  
Columbia, SC 29201-1708

COMMISSIONER:  
Douglas E. Bryant

BOARD:  
Bradford W. Wyche  
Chairman

William M. Hull, Jr., MD  
Vice Chairman

Mark B. Kent  
Secretary

Howard L. Brilliant, MD

Brian K. Smith

Rodney L. Grandy

Larry R. Chewning, Jr., DMD

Mr. John M.S. Hoefer  
Willoughby & Hoefer, P.A.  
P O Box 8416  
Columbia SC 29202-8416

RE: Carolina Water Service NPDES/ND Permits  
Public Service Commission Request

Dear Mr. Hoefer:

As requested, I have reviewed the records for the following NPDES or ND permits issued to Carolina Water Service. Presently Carolina Water Service has all the necessary wastewater permits obtained for its continued operation. The NPDES or ND permit(s) are either in effect, or have expired but are continued based on appropriate applications.

Permit #	Facility Name	Permit Issue Date	Permit Expiration Date	Permitted Capacity (MGD)
SC0036137	CWS/Friarsgate SD	01/06/00	09/30/04	1.2
ND0066893	CWS/Gem Lakes SD	06/24/98	07/31/08	0.1
SC0030651	CWS/Glenn Village	11/08/99	09/30/04	0.1284
SC0035564	*CWS/I-20 Regional	11/17/94	09/30/99	1.051
SC0021911	CWS/Kings Grant	08/05/81	09/01/86	0.238
SC0030112	CWS/Lamplighter	10/02/00	09/30/05	0.63
SC0030678	CWS/Oakland Plt	09/18/00	09/30/05	0.16
SC0030724	*CWS/Pocalla Village	07/11/96	08/31/01	0.104
SC0029645	CWS/Roosevelt	11/01/99	09/30/04	0.0676
ND0007994	CWS/Smallwood Est	08/20/99	09/30/09	0.06
SC0030350	*CWS/Teal on Ashley	08/17/95	09/30/00	0.03
SC0027162	*CWS/Watergate	09/20/93	09/30/98	0.3
SC0030732	*CWS/White's Creek	06/24/88	01/01/90	0.125

\* These facilities have NPDES permit requirements to eliminate to Regional Sewer systems.

Exhibit C  
Page 1 of 4

Please note that the permitted capacity above is the largest permitted capacity noted in the permit and may reflect a flow for a facility or facility expansion that has not yet been constructed. In addition, this letter does not address the specific compliance status of each facility with their respective NPDES or ND permit. Questions on the status of compliance should be directed to Robin Foy, Manager, DHEC Enforcement Section.

As it relates to the facilities that are scheduled to be eliminated based on conditions in their NPDES permits, CWS should consider those costs in assessing their state-wide rate base.

If I can be of further assistance in this matter, please contact me at 898-4157.

Sincerely,



Jeffrey P. deBessonnet, P.E., Director  
Water Facilities Permitting Division

jpd

cc: Mike Montebello  
Robin Foy, Manager, Enforcement Section  
Charles Creech, PSC



February 20, 2001

2600 Bull Street  
Columbia, SC 29201-1708

COMMISSIONER:  
Douglas E. Bryant

BOARD:  
Bradford W. Wyche  
Chairman

William M. Hull, Jr., MD  
Vice Chairman

Mark B. Kent  
Secretary

Howard L. Brilliant, MD

Brian K. Smith

Rodney L. Grandy

Larry R. Chewning, Jr., DMD

Mr. John M.S. Hoefer  
Willoughby & Hoefer, P.A.  
P O Box 8416  
Columbia SC 29202-8416

RE: Carolina Water Service Drinking Water Systems  
Public Service Commission Request

Dear Mr. Hoefer:

As requested, here is a list of CWS facilities and they system ID numbers, which indicates they are permitted systems in South Carolina.

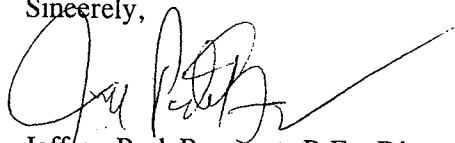
SYSTEMNO	SYSTEM
0250005	CWS/HUNTERS GLEN S/D
1850007	CWS/TEAL ON ASHLEY
3250002	CWS/WESTSIDE TERRACE
3250012	CWS/I-20
3250015	CWS/HEATHERWOOD-BLUE RID
3250016	CWS/FALCON RANCHES
3250017	CWS/IDLEWOOD
3250042	CWS/CREEKWOOD
3250045	CWS/PEACHTREE ACRES
3250047	CWS/CEDARWOOD
3250051	CWS/INDIAN PINES
3250052	CWS/ROLLINGWOOD
3250058	CWS/GLENN VILLAGE II
3250063	CWS/THE LANDINGS
3250064	CWS/SMALLWOOD
3250066	CWS/INDIAN FORK/40 LOVE
3250073	CWS/HIDDEN VALLEY
3250076	CWS/MALLARD COVE
3250079	CWS/WINDWARD POINT
3250081	CWS/HARBORPLACE
3270300	CWS/LANDS END CONDOS
3270302	CWS/HARBORSIDE CONDOS
4050014	CWS/STONEGATE
4350007	CWS/POCALLA DEVELOPMENT
4550001	CWS/ROCK BLUFF S/D
4650005	CWS/TEGA CAY
4650006	CWS/RIVER HILLS S/D

Exhibit C  
Page 3 of 4

This letter does not address the specific compliance status of each facility. Questions on the status of compliance should be directed to Nelson Roberts, Manager, Drinking Water Enforcement Section.

If I can be of further assistance in this matter, please contact me at 898-4157.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff deBessonet', with a long horizontal flourish extending to the right.

Jeffrey P. deBessonet, P.E., Director  
Water Facilities Permitting Division

jpd

cc: Chris Childs  
Nelson Roberts, Manager, Enforcement Section  
Charles Creech, PSC

**Utilities, Inc and Affiliated Companies**

CAROLINA WATER SERVICE INC  
PO BOX 4539  
WEST COLUMBIA SC 29171-4539



Acct # 351 [REDACTED]  
Due Date 03/04/01  
Please Pay \$34.08

[REDACTED]  
CRYSTAL SPRINGS DR  
LEXINGTON SC 29073-8018

|||||||  
CAROLINA WATER SERVICE INC  
PO BOX 4539  
WEST COLUMBIA SC 29171-4539

Please return this portion with your payment.

Customer Service Information Please Retain for Your Records  
Remittance Address: CAROLINA WATER SERVICE INC For Service or Billing Inquires:  
PO BOX 4539 803-796-9545  
WEST COLUMBIA SC 29171-4539

Account Information		Description of Charges	
Account #	351 [REDACTED]	PRIOR BALANCE	\$0.00
Service Addr.	[REDACTED] CRYSTAL SPRINGS DR	WATER	\$32.91
Bill Date	02/07/01 Due Date 03/04/01	SC DHEC FEE	\$1.17
Prior Read	12/23/00 450720		
Current Read	01/21/01 458420		
Usage	7700		
# of days this period	29		
Average daily usage	266		
Average daily water cost	\$1.18		
Average daily sewer cost	\$0.00		
Last Payment	01/22/01 \$32.04		

1 1/2% PER MONTH WILL BE ADDED TO ALL  
AMOUNTS NOT PAID BY THE DUE DATE.

PLEASE PAY \$34.08

\*\*\*\*\*  
\* IF YOU ARE NOT ALREADY ENROLLED IN OUR AUTOMATIC \*  
\* BILL PAYMENT PROGRAM, YOU CAN SAVE TIME AND MONEY BY JOINING NOW. \*  
\* \*  
\* We can automatically deduct your payment from your checking or \*  
\* savings account FREE OF CHARGE. If you would like information \*  
\* concerning the automatic bill payment program, please call the \*  
\* Customer Service Department at the number listed above. \*  
\* \*  
\*\*\*\*\*

**Schedule F**

	<u>Current Customers</u>	<u>Projected Customers</u>
Water	6,190	6,319
Sewer	11,114	11,278